

How BEA Aligns and Augments Source Data From the U.S. Treasury Department for Inclusion in the International Transactions Accounts

Like most of the U.S. economic accounts produced by the Bureau of Economic Analysis (BEA), the estimates of financial-account transactions in the international transactions accounts (ITAs) are based largely on source data collected by other federal government agencies—in this case, by the Treasury International Capital (TIC) reporting system of the U.S. Department of the Treasury. The presentation of the adjustments undertaken by BEA to align and to augment these data for inclusion in the financial account can help data users reconcile BEA's financial-account estimates with the TIC data that are available to the public on the Treasury Department's Web site and in the *Treasury Bulletin*.

The relationships between the estimates in the ITAs that are prepared by BEA and the data from the TIC reporting system are shown in tables 1–3. Table 1 presents statistics on transactions in foreign long-term securities; U.S. long-term securities, excluding U.S. Treasury securities; and U.S. Treasury securities. Table 2 presents the estimates of claims on, and liabilities to, foreigners reported by U.S. nonbanking concerns. Table 3 presents the estimates of claims on, and liabilities to, foreigners reported by U.S. banks.

In tables 1–3, the numerous adjustments that BEA makes to the TIC source data in order to align the data with balance-of-payments concepts and to close gaps in coverage are identified. In addition, examples of both types of adjustments are presented below.

Aligning with balance-of-payments concepts. The TIC data for gross U.S. purchases of foreign stocks and

bonds (table 1, line A1) include the commissions that are paid by the U.S. purchasers to foreign brokers. In the ITAs, payments of commissions to foreigners are treated as payments for financial services, not as purchases of securities, and these payments are included in the current account, not in the financial account. Therefore, BEA adjusts the TIC data for gross U.S. purchases by subtracting an estimate of payments of brokerage commissions (line A3) from the data for gross purchases.

Similarly, the TIC data for gross U.S. sales of foreign stocks and bonds (line A6) represent the proceeds from sales less the commissions paid by U.S. sellers to foreign brokers. To capture the total value of securities sold, BEA adds an estimate of brokerage commissions (line A7) to the TIC sales data.

Closing gaps in coverage. The TIC data for gross U.S. purchases of foreign stocks and bonds do not fully cover some transactions, such as acquisitions of U.S. companies by foreigners who finance their purchases through exchanges of stock. These stock swap transactions may bypass the U.S. brokers and dealers who are the primary respondents to the TIC survey on securities transactions. When stock is exchanged, the U.S. persons who previously held securities in the acquired U.S. company receive shares in the acquiring foreign corporation, and the receipt of these shares should be recorded in the ITAs as the acquisition, or purchase, of foreign long-term securities.

In order to account for this gap in coverage in the TIC data, BEA adds an estimate of security swap transactions and other coverage adjustments (line A2) to the TIC data.

Table 1. Relation of Transactions in Foreign Long-Term Securities, U.S. Long-Term Securities Excluding U.S. Treasury Securities, and U.S. Treasury Securities in the U.S. International Transactions Accounts (ITAs) to Treasury International Capital (TIC) Reporting System Data

[Millions of dollars]

Line		2006 ^f	2007 ^f	2008 ^p
Foreign Long-Term Securities				
A1	Gross U.S. purchases of foreign stocks and bonds, TIC.....	5,784,488	8,416,790	7,599,557
2	Plus: Security swap transactions and other coverage adjustments	112,740	135,520	39,700
3	Minus: Brokerage commissions	1,213	1,562	1,556
4	Plus: Underwriting and private placement fees	3,932	4,871	4,507
5	Equals: Gross U.S. purchases of foreign stocks and bonds, ITAs.....	5,899,947	8,555,619	7,642,208
6	Gross U.S. sales of foreign stocks and bonds, TIC	5,533,652	8,187,567	7,701,398
7	Plus: Brokerage commissions	1,168	1,529	1,572
8	Equals: Gross U.S. sales of foreign stocks and bonds, ITAs.....	5,534,820	8,189,096	7,702,970
9	Net U.S. purchases (-) or sales (+) of foreign stocks and bonds, TIC (A6 - A1)	-250,836	-229,223	101,841
10	Plus: Coverage adjustments ((A7) - (A2 - A3 + A4)).....	-114,291	-137,300	-41,079
11	Net U.S. purchases (-) or sales (+) of foreign long-term securities, ITAs (A8 - A5) (table 1, line 52).....	-365,129	-366,524	60,761
U.S. Long-Term Securities Excluding U.S. Treasury Securities				
B1	Gross foreign purchases of other U.S. long-term securities, TIC	10,127,445	14,603,073	16,045,886
2	Plus: Security swap transactions and other coverage adjustments	2,009	10,655	0
3	Minus: Brokerage commissions	4,580	5,564	5,388
4	Plus: Underwriting and private placement fees	325	553	737
5	Equals: Gross foreign purchases of other U.S. long-term securities, ITAs.....	10,125,199	14,608,717	16,041,235
6	Gross foreign sales of other U.S. long-term securities, TIC	9,179,747	13,795,218	15,949,422
7	Plus: Brokerage commissions	4,199	5,160	5,169
8	Plus: Coverage adjustment for gross sales	3,814	-65,469	59,195
9	Equals: Gross foreign sales of other U.S. long-term securities, ITAs.....	9,187,760	13,734,909	16,013,786
10	Net foreign purchases (+) or sales (-) of other U.S. long-term securities, TIC (B1 - B6)	947,698	807,855	96,464
11	Plus: Coverage adjustments ((B2 - B3 + B4) - (B7 + B8))	-10,259	65,953	-69,015
12	Net foreign purchases (+) or sales (-) of other U.S. long-term securities, ITAs (B5 - B9) (table 1, line 59 + 62 + 66).....	937,439	873,808	27,449
13	Other U.S. government securities, foreign official assets (table 1, line 59)	219,837	171,465	65,846
14	Other foreign official assets (table 1, line 62)	34,357	96,691	88,340
15	Other U.S. securities, other foreign assets (table 1, line 66)	683,245	605,652	-126,737
U.S. Treasury Securities				
C1	Gross foreign purchases of U.S. Treasury marketable bonds and notes, TIC.....	10,958,018	15,127,526	14,627,522
2	Minus: Brokerage commissions and other fees.....	939	1,089	924
3	Equals: Gross foreign purchases of U.S. Treasury marketable bonds and notes, ITAs.....	10,957,079	15,126,437	14,626,598
4	Gross foreign sales of U.S. Treasury marketable bonds and notes, TIC.....	10,762,487	14,929,559	14,311,510
5	Plus: Brokerage commissions and other fees	939	1,090	925
6	Plus: Coverage adjustment for gross sales	32,000	80,000	96,000
7	Equals: Gross foreign sales of U.S. Treasury marketable bonds and notes, ITAs.....	10,795,426	15,010,649	14,408,435
8	Net foreign purchases (+) or sales (-) of U.S. Treasury marketable bonds and notes, TIC (C1 - C4).....	195,531	197,967	316,012
9	Plus: Coverage adjustments -(C2) - (C5 + C6)	-33,878	-82,179	-97,849
10	Net foreign purchases (+) or sales (-) of U.S. Treasury marketable bonds and notes, ITAs (C3 - C7).....	161,653	115,788	218,163
11	Plus: Non-marketable bonds and notes	79	84	92
12	Plus: Short-term U.S. Treasury obligations	-11,397	49,367	456,016
13	Net foreign purchases (+) or sales (-) of U.S. Treasury securities, ITAs (C10 + C11+ C12) (table 1, line 58 + line 65).....	150,335	165,239	674,271
14	U.S. Treasury securities, foreign official assets (table 1, line 58)	208,564	98,432	477,652
15	U.S. Treasury securities, other foreign assets (table 1, line 65)	-58,229	66,807	196,619

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Table 2. Relation of Claims on and Liabilities to Unaffiliated Foreigners Reported by U.S. Nonbanking Concerns Except Securities Brokers in the International Transactions Accounts (ITAs) to Treasury International Capital (TIC) Reporting System Data
[Millions of dollars]

Line		2006 ^r	2007 ^r	2008 ^p
Claims				
(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)				
A1	Total claims outstanding, beginning of year, TIC	144,950	126,032	136,416
2	Total claims outstanding, end of year, TIC	126,032	136,416	140,708
3	Change in claims, TIC (A1 - A2)	18,918	-10,384	-4,292
4	<i>Minus: Valuation adjustments including unrealized exchange-rate gain or loss and other adjustments</i> ¹	-13,086	-15,491	16,059
5	<i>Plus: Financial intermediaries' accounts</i> ²	-128,166	107,329	40,184
6	<i>Plus: Supplemental source data</i> ³	-83,899	-153,824	352,396
7	<i>Plus: Other coverage adjustments</i> ⁴	-1,238	871	0
8	Equals: Claims on unaffiliated foreigners reported by U.S. nonbanking concerns, except securities brokers, ITAs (A3 - A4 + A5 + A6 + A7) (table 1, line 53)	-181,299	-40,517	372,229
Liabilities				
(Credits +; increase in U.S. liabilities. Debits -; decrease in U.S. liabilities.)				
B1	Total liabilities outstanding, beginning of year, TIC	76,710	89,217	103,835
2	Total liabilities outstanding, end of year, TIC	89,217	103,835	79,827
3	Change in liabilities, TIC (B2 - B1)	12,507	14,618	-24,008
4	<i>Minus: Valuation adjustments including unrealized exchange-rate gain or loss and other adjustments</i> ¹	9,576	10,431	-14,921
5	<i>Plus: Financial intermediaries' accounts</i> ²	57,499	42,909	-11,205
6	<i>Plus: Supplemental source data</i> ³	146,363	154,149	-69,875
7	<i>Plus: Other coverage adjustments</i> ⁵	38,000	436	45,000
8	Equals: Liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns, except securities brokers, ITAs (B3 - B4 + B5 + B6 + B7) (table 1, line 68)	244,793	201,681	-45,167

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1. Includes unrealized gains or losses only on foreign-currency-denominated assets and liabilities.
2. Financial intermediaries' accounts represent transactions between firms in a direct investment relationship (that is, between U.S. parents and their foreign affiliates or between U.S. affiliates and their foreign parent groups), where both the U.S. and the foreign firm are classified in a finance industry, but the firms are neither banks nor securities brokers.

3. Includes supplemental transactions from the Bank of England, the Bank for International Settlements (BIS) and the Federal Reserve Board.

4. Includes supplemental insurance transactions and adjustments to avoid double counting U.S. claims on foreigners.

5. Includes adjustments to avoid double counting U.S. liabilities to foreigners.

Table 3. Relation of Claims on and Liabilities to Foreigners Reported by U.S. Banks and Securities Brokers in the International Transactions Accounts (ITAs) to Treasury International Capital (TIC) Reporting System Data
[Millions of dollars]

Line		2006 ^r	2007 ^r	2008 ^p
Claims				
(Credits +; decrease in U.S. assets. Debits -; increase in U.S. assets.)				
A1	Total claims outstanding, beginning of year, TIC	2,500,399	3,140,590	3,792,775
2	Total claims outstanding, end of year, TIC	3,140,590	3,792,775	3,394,342
3	Change in claims, TIC (A1 - A2)	-640,191	-652,185	398,433
4	<i>Minus: Valuation adjustments including unrealized exchange-rate gain or loss and other adjustments</i> ¹	-151,767	-16,977	-26,033
5	<i>Minus: Direct investment</i>	15,904	3,458	-11,773
6	<i>Plus: Coverage adjustments including commercial paper and other adjustments</i> ²	2,229	-5,427	-2,860
7	Equals: Claims on foreigners reported by U.S. banks, not included elsewhere, ITAs (A3 - A4 - A5 + A6) (table 1, line 54)	-502,099	-644,093	433,379
Liabilities				
(Credits +; increase in U.S. liabilities. Debits -; decrease in U.S. liabilities.)				
B1	Total liabilities outstanding, beginning of year, TIC	3,186,745	4,010,427	4,706,310
2	Total liabilities outstanding, end of year, TIC	4,010,427	4,706,310	4,615,010
3	Change in liabilities, TIC (B2 - B1)	823,682	695,883	-91,300
4	<i>Minus: Valuation adjustments including unrealized exchange-rate gain or loss and other adjustments</i>	347,781	34,332	-36,650
5	<i>Minus: Direct investment</i>	2,890	-6,123	-30,634
6	<i>Plus: Coverage adjustments including short-term U.S. Treasury obligations and other adjustments</i> ³	11,397	-49,367	-456,016
7	Equals: Liabilities to foreigners reported by U.S. banks, not included elsewhere, ITAs (B3 - B4 - B5 + B6) (table 1, lines 61 + 69)	484,408	618,307	-480,032
8	Liabilities to foreign official agencies (table 1, line 61)	22,365	109,019	-153,443
9	Liabilities to other foreigners (table 1, line 69)	462,043	509,288	-326,589

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1. Includes adjustments for claims on foreigners written off by U.S. reporters.
2. Includes adjustments for supplemental transactions in foreign commercial paper and other instruments.

3. Includes adjustments for transactions that are included in other international transactions accounts, including transactions in short-term U.S. Treasury obligations and in other liabilities held in custody by U.S. reporters.